

SANTA CLARA COUNTY ECONOMIC FORECAST

Santa Clara County is the largest county in the San Francisco Bay Area and accounts for almost 28 percent of the region's total employment. The northwest portion of the county, known as Silicon Valley, is home to many leading computer and technology companies. Santa Clara County has a population of 1.83 million people and approximately 897,400 wage and salary jobs. The per capita income in Santa Clara County is \$64,872, and the average salary per worker is the highest in the state at \$111,997. The median family income is also the highest in the state at \$101,300.

In 2012, employment in Northern California increased by 2.4 percent, whereas employment in the greater Bay Area grew by 3.0 percent. In Santa Clara County, a total of 28,500 wage and salary jobs were created, representing a growth rate of 3.3 percent. The unemployment rate improved significantly, falling from 9.8 percent in 2011 to 8.4 percent in 2012.

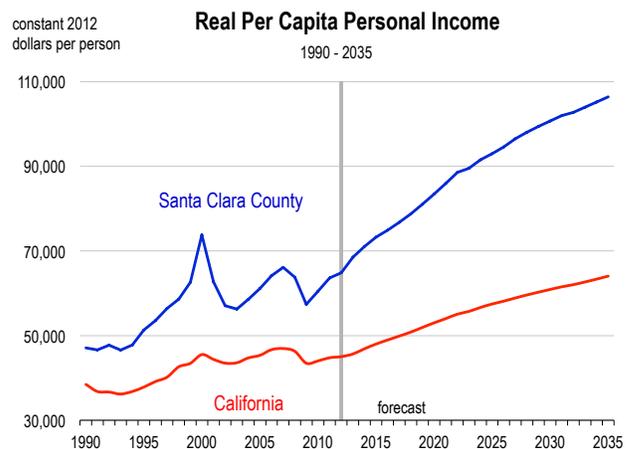
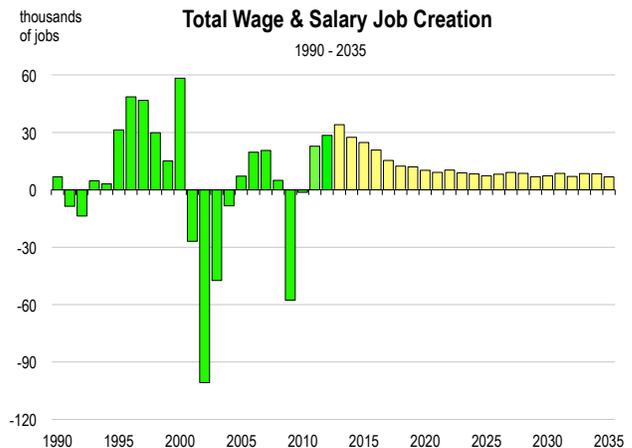
Virtually every sector gained jobs in 2012. The largest gains were observed in professional services (+12,100 jobs), leisure and hospitality (+4,400 jobs), construction (+3,200 jobs), and education and health (+3,100 jobs). The only sector to shed jobs was government (-1,200 jobs).

Between the 2007 and 2012, the population of Santa Clara County grew at an annual average rate of 1.0 percent. The majority of this growth was due to the natural increase (new births), as net migration was low.

Employment growth is expected to be strong over the 2013-2018 period, as the technology sectors will continue to be characterized by rapid increases. However, total wage and salary employment is not expected to surpass its previous peak – reached in the year 2000 – until 2019.

FORECAST HIGHLIGHTS

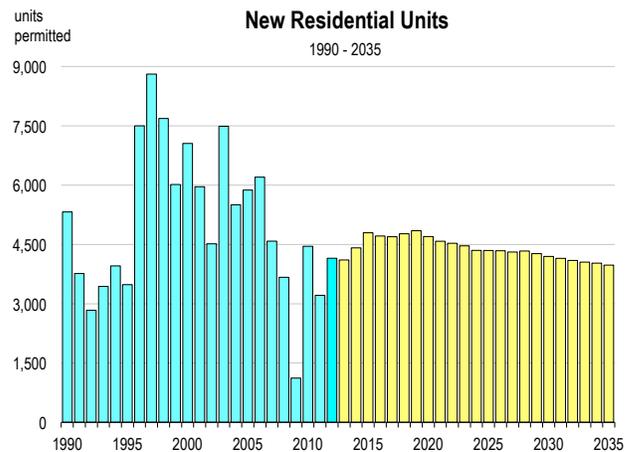
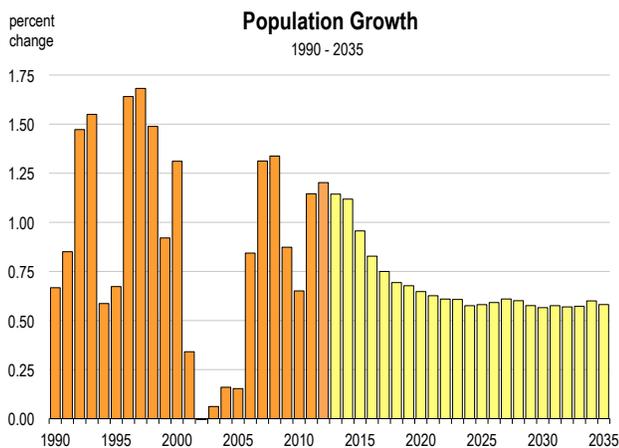
- Total employment will increase by 3.8 percent in 2013. Between 2013 and 2018, the overall growth rate will average 2.1 percent per year.
- Average salaries are currently well above the California state average, and will remain so over the forecast horizon. Real average salaries are expected to rise by an average of 1.4 percent per year from 2013 to 2018.
- Between 2013 and 2018, the largest gains will occur in professional services, manufacturing, wholesale and retail trade, and education and healthcare. Together, these sectors will account for 74 percent of net job creation in the county.
- The population is expected to increase by 1.1 percent in 2013. Annual growth in the 2013 to 2018 period is forecast to average 0.9 percent.
- From 2013 to 2018, an average of 3,300 net in-migrants will enter the county each year. Over the long term, net migration will be low.
- Real per capita income will rise by 5.6 percent in 2013. During the 2013-2018 period, real per capita income is expected to increase by 2.8 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 3.6 percent per year between 2013 and 2018.
- Industrial production is expected to rise by 7.1 percent in 2013. Over the following five years, the growth is forecast to average 4.3 percent per year.



Santa Clara County Economic Forecast

2006-2012 History, 2013-2040 Forecast

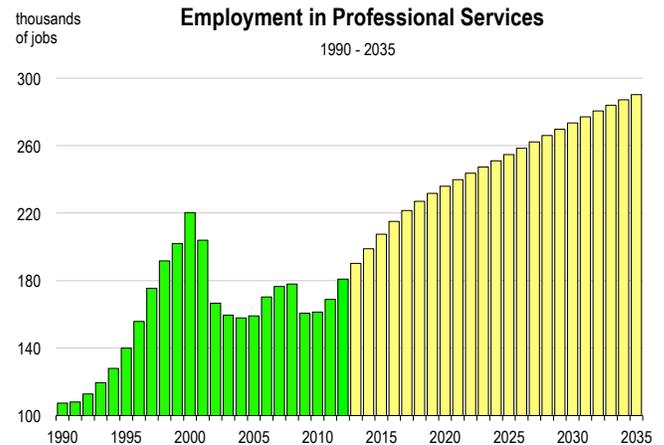
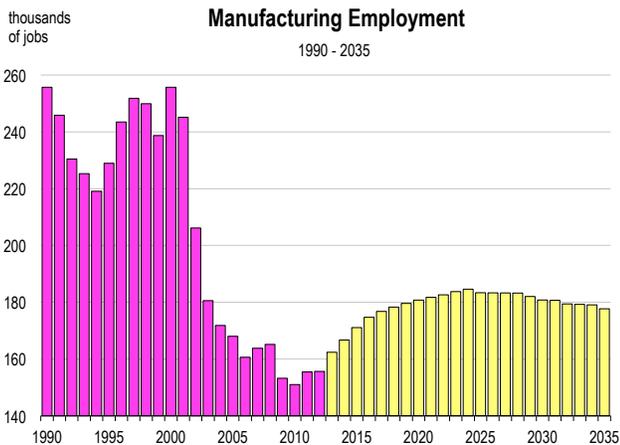
	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	1,713,839	-3,423	1.50	591.6	6,204	\$32.3	\$96.1	\$64,178	3.3	279.8	23.5	4.5
2007	1,736,327	4,088	1.52	595.4	4,583	\$33.7	\$103.5	\$66,128	3.2	282.8	24.4	4.7
2008	1,759,534	4,769	1.51	599.9	3,671	\$32.3	\$104.3	\$63,808	3.1	266.8	24.9	6.0
2009	1,774,890	-1,958	1.51	602.5	1,117	\$27.4	\$95.5	\$57,364	0.9	278.0	24.7	10.8
2010	1,786,429	-4,016	1.52	604.1	4,453	\$30.5	\$102.6	\$60,504	1.2	280.4	27.2	11.0
2011	1,806,881	5,424	1.52	605.4	3,212	\$33.4	\$111.9	\$63,599	2.6	254.4	29.1	9.8
2012	1,828,597	7,191	1.52	608.8	4,150	\$36.1	\$118.6	\$64,872	2.7	252.7	30.0	8.4
2013	1,849,500	7,096	1.53	613.1	4,107	\$39.2	\$129.6	\$68,516	2.3	246.5	32.1	7.2
2014	1,870,171	7,076	1.55	617.4	4,412	\$42.1	\$139.5	\$71,038	2.7	240.8	33.6	6.0
2015	1,888,045	4,522	1.57	621.7	4,794	\$44.6	\$148.4	\$73,277	2.1	237.1	35.2	5.5
2016	1,903,664	2,597	1.58	626.3	4,713	\$47.2	\$156.6	\$74,918	2.4	232.9	36.7	5.3
2017	1,917,928	1,552	1.60	630.7	4,694	\$49.7	\$165.2	\$76,790	2.1	228.8	38.2	5.2
2018	1,931,214	836	1.61	635.0	4,769	\$52.4	\$174.2	\$78,772	2.1	224.7	39.6	5.2
2019	1,944,284	878	1.63	639.4	4,847	\$55.5	\$184.3	\$81,045	2.1	220.2	41.2	5.0
2020	1,956,861	573	1.64	643.8	4,699	\$58.9	\$195.0	\$83,454	2.1	217.7	42.8	5.1
2021	1,969,109	432	1.66	648.1	4,580	\$62.5	\$206.6	\$85,936	2.2	217.0	44.2	5.2
2022	1,981,099	346	1.67	652.2	4,529	\$66.6	\$219.2	\$88,561	2.3	214.6	45.8	5.1
2023	1,993,122	527	1.68	656.4	4,464	\$69.6	\$228.1	\$89,517	2.3	211.4	47.1	5.1
2024	2,004,585	114	1.69	660.4	4,349	\$73.6	\$240.2	\$91,575	2.4	207.3	48.6	5.2
2025	2,016,222	459	1.70	664.4	4,346	\$77.2	\$251.3	\$92,985	2.4	202.8	49.6	5.0
2026	2,028,141	865	1.71	668.4	4,340	\$80.9	\$263.5	\$94,590	2.5	198.8	50.9	4.9
2027	2,040,497	1,453	1.72	672.4	4,308	\$85.2	\$277.1	\$96,491	2.5	195.5	52.2	4.7
2028	2,052,750	1,466	1.73	676.3	4,333	\$89.2	\$290.2	\$98,046	2.5	192.1	53.5	4.7
2029	2,064,563	1,104	1.74	680.2	4,267	\$93.0	\$303.3	\$99,432	2.5	188.8	54.6	4.8
2030	2,076,231	1,017	1.75	684.1	4,196	\$97.1	\$316.7	\$100,731	2.5	187.5	55.6	4.8
2031	2,088,174	1,273	1.76	687.9	4,147	\$101.6	\$330.4	\$101,978	2.5	187.7	57.1	4.8
2032	2,100,056	1,141	1.77	691.7	4,095	\$105.8	\$343.1	\$102,748	2.5	185.2	58.2	4.8
2033	2,112,065	1,189	1.77	695.4	4,052	\$110.6	\$357.8	\$103,965	2.5	181.3	59.7	4.8
2034	2,124,727	1,795	1.78	699.1	4,026	\$115.6	\$373.2	\$105,205	2.5	176.5	61.2	4.6
2035	2,137,069	1,480	1.79	702.8	3,976	\$120.7	\$389.2	\$106,435	2.5	172.7	62.3	4.7
2036	2,149,283	1,371	1.80	706.4	3,933	\$125.8	\$405.9	\$107,672	2.5	167.0	63.9	4.7
2037	2,161,344	1,188	1.81	710.0	3,888	\$131.1	\$423.2	\$108,881	2.5	161.4	65.1	4.7
2038	2,173,365	1,152	1.82	713.6	3,853	\$136.7	\$441.9	\$110,294	2.5	159.5	66.7	4.7
2039	2,185,421	1,192	1.82	717.1	3,822	\$142.4	\$461.2	\$111,710	2.5	156.3	68.4	4.6
2040	2,197,336	1,053	1.83	720.6	3,787	\$148.3	\$481.0	\$113,125	2.4	152.5	68.9	4.6

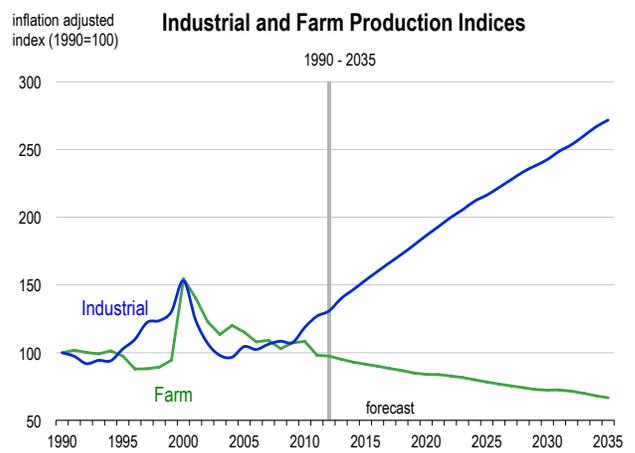
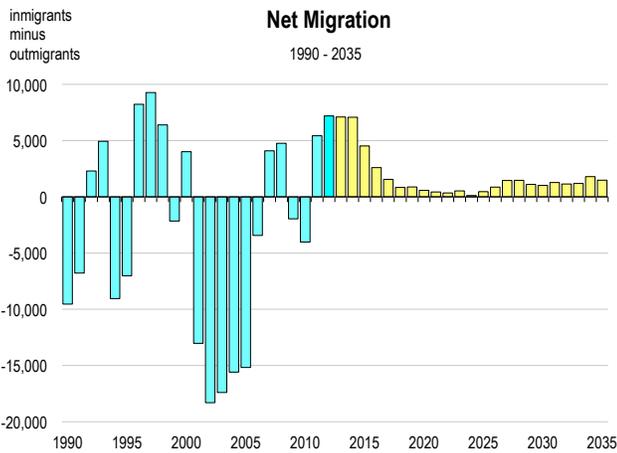
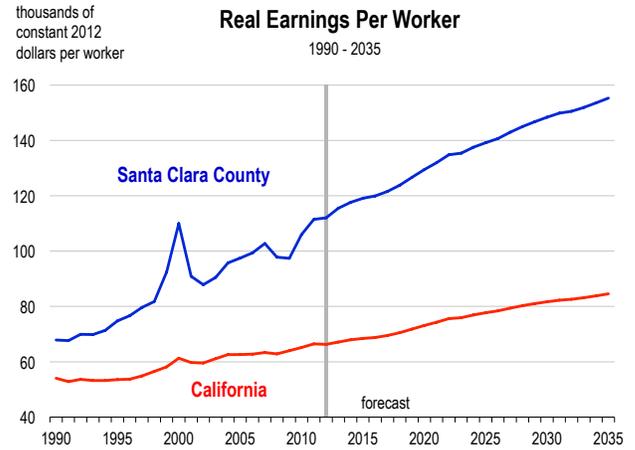
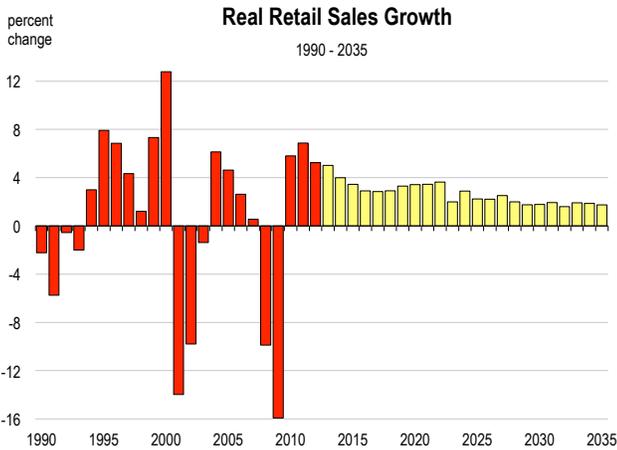


Santa Clara County Employment Forecast

2006-2012 History, 2013-2040 Forecast

	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
2006	879.8	3.78	44.9	160.6	12.7	121.8	36.7	170.3	37.4	99.7	73.7	93.6
2007	900.3	3.85	45.5	163.8	13.3	124.0	36.8	176.6	39.5	102.5	75.3	94.3
2008	905.2	3.68	42.8	165.2	13.3	122.1	34.2	178.0	42.2	107.2	76.6	94.9
2009	847.5	3.53	33.4	153.3	11.9	112.4	31.2	160.7	41.5	108.4	73.5	93.4
2010	846.2	3.53	31.4	151.0	11.7	111.4	30.6	161.3	43.8	112.0	73.8	91.5
2011	869.0	3.39	30.6	155.5	11.8	113.2	31.4	168.8	48.9	116.6	75.2	89.5
2012	897.4	3.31	33.8	155.6	12.6	116.1	32.7	180.9	50.7	119.7	79.6	88.3
2013	931.4	3.33	39.2	162.4	13.3	120.8	33.4	190.2	53.4	121.5	81.3	88.6
2014	958.9	3.30	41.8	166.7	14.0	124.3	33.9	198.9	55.3	124.0	82.6	89.2
2015	983.6	3.28	43.9	171.1	14.4	126.9	33.3	207.5	56.8	126.5	84.2	89.9
2016	1,004.4	3.26	44.1	174.7	14.7	128.9	34.3	215.1	58.4	128.3	85.7	90.4
2017	1,019.7	3.24	43.8	176.8	14.9	130.6	34.4	221.5	59.8	130.1	87.0	90.6
2018	1,032.1	3.22	43.6	178.3	15.1	132.3	33.9	227.0	60.9	131.9	87.8	90.7
2019	1,044.1	3.19	43.6	179.6	15.2	134.1	34.2	231.7	61.8	133.8	88.2	90.8
2020	1,054.3	3.18	42.8	180.8	15.3	135.9	34.2	235.9	62.6	135.8	88.4	91.2
2021	1,063.4	3.18	42.1	181.7	15.4	137.6	34.4	239.8	63.4	137.8	88.5	90.9
2022	1,073.7	3.16	41.9	182.6	15.6	139.4	34.9	243.7	64.0	140.0	88.6	90.8
2023	1,082.6	3.15	41.5	183.8	15.7	140.6	35.0	247.4	64.7	141.7	88.7	90.9
2024	1,090.9	3.13	41.1	184.6	15.8	142.1	34.7	251.0	65.5	143.5	88.7	90.9
2025	1,098.2	3.10	40.9	183.4	16.0	143.5	35.1	254.7	66.2	145.3	88.9	91.0
2026	1,106.4	3.08	40.9	183.3	16.2	144.8	34.8	258.5	66.9	147.0	89.1	91.0
2027	1,115.5	3.07	40.9	183.3	16.4	146.3	35.2	262.2	67.6	148.9	89.3	91.1
2028	1,124.1	3.05	40.9	183.2	16.6	147.5	35.1	266.0	68.3	150.9	89.6	91.3
2029	1,130.9	3.03	40.7	182.0	16.7	148.5	34.9	269.8	69.1	153.1	89.9	91.4
2030	1,138.3	3.03	40.4	180.8	16.8	149.6	35.0	273.5	69.8	155.2	90.3	91.5
2031	1,146.8	3.03	40.3	180.7	16.9	150.7	34.8	277.1	70.6	157.5	90.7	91.6
2032	1,153.8	3.01	40.1	179.4	17.1	151.7	34.8	280.6	71.4	159.7	91.0	91.7
2033	1,162.3	2.99	40.1	179.3	17.2	152.8	34.9	284.0	72.2	162.0	91.4	91.8
2034	1,170.7	2.97	40.0	179.1	17.4	154.0	34.8	287.2	72.9	164.3	91.8	91.9
2035	1,177.5	2.95	39.8	177.7	17.5	155.0	34.9	290.2	73.7	166.6	92.1	92.0
2036	1,185.4	2.92	39.7	177.5	17.7	156.0	34.9	293.2	74.6	169.0	92.5	92.2
2037	1,191.9	2.89	39.5	176.0	17.8	156.9	34.9	296.0	75.4	171.3	92.9	92.3
2038	1,199.9	2.88	39.4	175.8	17.9	157.9	35.0	298.9	76.2	173.7	93.3	92.4
2039	1,207.7	2.87	39.4	175.5	18.1	158.9	35.0	301.7	77.0	176.0	93.7	92.5
2040	1,215.5	2.85	39.3	175.2	18.2	159.9	35.1	304.5	77.9	178.3	94.1	92.6





County Economic and Demographic Indicators

Projected Economic Growth (2013-2018)

Expected retail sales growth:	17.2 %
Expected job growth:	10.8 %
Fastest growing jobs sector:	Professional Services
Expected personal income growth:	20.1%

Expected population growth:	4.4%
Net migration to account for:	20.3 %
Expected growth in number of vehicles:	5.6 %

Demographics (2013)

Unemployment rate (April 2013):	6.5 %
County Rank* in California (58 counties):	8th
Working age (16-64) population:	66.7%

Population with B.A. Degree or higher:	45.7 %
Median Home Selling Price (2012):	\$525,000
Median Household Income:	\$87,343

Quality of Life

Violent Crime rate (2010):	247 per 100,000 persons
County Rank* in California (58 counties):	12th
Average Commute Time to work (2013):	26.9 minutes

High School drop out rate (2011):	12.4 %
Households at/below poverty line (2013):	6.6 %

* The county ranked 1st corresponds to the lowest rate in California